



WEST LIBERTY, KENTUCKY 41472

PHONE: 743-3141 OR 743-3142

February 13, 2006

rec'd 2/22/2006

Ms. Susan M. Madson  
Regional Director  
Federal Deposit Insurance Corporation  
500 W. Monroe St., Suite 3300  
Chicago, IL 60661-3697

RE: Comments Regarding FDIC Application #20051977; Wal-Mart Application for  
Insurance and Industrial Bank Charter

Dear Ms. Madson:

I am writing to oppose the application of Wal-Mart Stores, Inc., for Federal deposit insurance coverage for an ILC charter in Utah. I am a community banker and believe strongly that allowing Wal-Mart to own a bank charter and potentially open branches in its network of stores would do irreparable harm to my community and my institution, and pose a severe systemic risk to our nation's economy.

I am aware that Wal-Mart has stated that it intends to operate a limited ILC charter in Utah. Based on the context of the company's history and corporate philosophy, I am skeptical that their assurances that the operation will have only limited functions ring true. This is Wal-Mart's fourth attempt to get into the banking business. Wal-Mart's CEO says he wants to grow the company and provide financial services to its customers. It is not much of a stretch to conclude that somewhere down the road, Wal-Mart will be amending its business plan to allow it to offer a full array of banking services. This must not be allowed to happen.

Wal-Mart has a long history of destabilizing communities by undercutting prices of local merchants and driving them out of business. That is not a theory, it is a fact. We have seen in many rural towns in Kentucky, mine included, that many long-time, small businesses have been forced to close their doors in face of the existence of Wal-Mart stores. It has been proven that when Wal-Mart entered Iowa, 50% of clothing stores, 30% of hardware stores, 42% of variety stores, 26% of department stores, and 25% of building materials stores were driven out of business. It makes one question whether Iowa consumers and unemployed employees of these businesses were well served by eliminating Wal-Mart's competitors and denying consumer choice. The economic

impact of those statistics and their impact on the state of Iowa are staggering. Communities recover from natural disasters; man-made ones are much longer lasting.

Wal-Mart did not open stores in those communities to be civic partners with local merchants; they opened stores to drive local merchants out of business and steal their customers, which is just what they did. The largest company in the world could do the same thing to community banks. The FDIC would be ill-advised to set this nation on a course that could result in the demise of the community banking industry as we know it today.

Congress has reaffirmed our nation's long standing policy against the mixing of banking and commerce, and with good reason. Mixing banking and commerce would create serious conflicts of interest and distort credit decisions. The impartial allocation of credit is the linchpin of our financial system and must be preserved. Would a Wal-Mart Bank offer credit at reasonable terms to its competitors? Would Wal-Mart require its suppliers to bank at the Wal-Mart bank?

Even more importantly, the largest company in the world owning a bank would produce a dangerous concentration of economic power and resources that would pose severe systemic risks to our economy. If Enron or Worldcom had owned banks, their devastation could have exposed the FDIC fund to enormous liability and pulled down our entire financial system. Are we willing to put our nation at risk to save Wal-Mart a couple of pennies on each credit and debit card transaction?

For the sake of the community banks of our nation and the customers and communities we serve, please do not allow Wal-Mart to get into the banking business. ***Make a statement for fair competition and consumer choice by denying Wal-Mart's application for deposit insurance.***

Sincerely,

A handwritten signature in black ink, appearing to read 'C. K. Stacy', with a stylized flourish at the end.

C. K. Stacy  
President